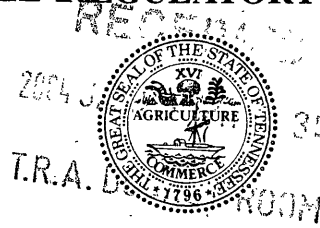


TENNESSEE REGULATORY AUTHORITY

Deborah Taylor Tate, Chairman
Pat Miller, Director
Sara Kyle, Director
Ron Jones, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505



January 23, 2004

Ms. Danielle C. Burt
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW.
Suite 300
Washington, DC 20007-5116

Re: Joint Petition of Lightyear Communications, Inc., Lightyear Telecommunications LLC, and Lightyear Network Solutions, Inc. for Grant of Authority Necessary to Consummate a Corporate Reorganization.
Our Docket 03-00634

Dear Ms. Burt,

In order to more fully evaluate your reorganization petition, we will need to submit additional data requests. Please be advised that a rapid response will insure an expeditious decision by the Tennessee Regulatory Authority (hereafter, "Authority"). Please respond by February 2, 2004 and provide 13 copies of your response to the TRA Docket Manager. This will be noted as Data Request #2.

1. Why are there no cash balances recorded in **Cash in Bank** on the balance sheets submitted after the consummation of New Lightyear?
2. The company states that new investors have contributed \$7.5 million in loan participation; that is, purchasing a portion of the existing Debtor-in-Possession funding. Where does this contribution appear on the balance sheet? Does it appear in NY Acquisition, LLC as ultimate owner or does it appear on Light-Year Network Solutions, LLC. Provide the journal entry detailing how this transaction was made and reflecting how this transaction was accounted for.
3. The Authority must approve all changes in ownership if new investors are involved in any way. Please provide information about who the new investors are and what will be their percentage of ownership.
4. Where is the \$14 million bank loan proposed by the New Lightyear, appear on the balance sheet provided? Is it the DIP-Line of Credit or is this the \$16,282 listed as **Assumed Liabilities**? If not, please explain the balance in **Assumed**

Liabilities and how the bank loan was or will be accounted for. Provide the proposed journal entry.

5. Provide explanations of what the balances in **New ABL, New Term Loan, and Junior Term Loan** are. Provide detail of these loans. Also provide the journal entries explaining how these balances created.
6. **Assumed Liabilities** continues to grow through the years to \$21.2 million in 2008. Why does this occur?
7. Please explain how the accounting will be done between LY Acquisition, LLC and Lightyear Network Solutions, LLC.
8. The Company's Accounts Receivable Analysis indicates roughly 50% of the Accounts Receivable balance as the balance in **Allowance for Doubtful Accounts** in the total column in the year 2004, or \$12 million dollars. Is this not extremely high for a utility of your size. What are the Company's collection procedures? What have been the Company's collection efforts in the past and what will be the new procedures? How did this Allowance for Doubtful Accounts become so large?
9. It appears that you sold some of your accounts receivable. Is this true and under what circumstances?

If you have any questions please contact David McClanahan at (615) 741-2904 ext 177. Your cooperation will be appreciated in trying to resolve this issue.

Sincerely,



Aster Adams, Chief
Economic Analysis and Market Monitoring Division
Tennessee Regulatory Authority